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PAID UP OIL AND GAS LEASE

STATE OF TEXAS                   §  
   §  
COUNTY OF TARRANT         §

THIS OIL AND GAS LEASE is made and entered into this 19<sup>th</sup> day of November, 2009, by and between CATALINA RESOURCES, LTD., a Texas limited partnership, on its own behalf and as owner of the executive rights for and on behalf of Travis Ranch Development, L.P., a Texas limited partnership, Longhorn Lakes, L.P., a Texas limited partnership, and 16660 Development, L.P., a Texas limited partnership, as Lessor, whose address is 5949 Sherry Lane, Suite 1460, Dallas, Texas 75225, and CATALINA OPERATING, LLC, as Lessee, whose address is 5949 Sherry Lane, Suite 1460, Dallas, Texas 75225.

WITNESSETH:

1. That Lessor, in consideration of Ten and No/100 Dollars (\$10.00) cash in hand paid, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged and confessed, and of the royalties herein provided and of the agreements of Lessee hereinafter contained, hereby grants, leases, and lets exclusively unto Lessee for the sole purpose of exploring for, drilling, operating and producing oil, gas and liquid hydrocarbons from the lands which are more fully described in Exhibit "A" attached hereto and made a part hereof for all purposes, INSOFAR AND ONLY INSOFAR as such lands cover all rights, depths and formations from the surface of the earth down to 100 feet below the base of the Ellenberger Formation, as indicated on the electric logs for the \_\_\_\_\_ well, beneath such lands, which lands, down to such depth, are sometimes hereinafter referred to collectively as "Said Land". For purposes of calculating any royalty, shut-in royalty, and any other payments herein provided, Said Land is deemed to contain 1,808.061 acres, whether it actually contains more or less.

2. Subject to the other provisions herein contained, this lease shall be for a term of three (3) years from the date hereof (called "primary term") and as long thereafter as oil, gas or liquid hydrocarbons is produced in paying quantities from Said Land or land with which Said

Land is properly pooled hereunder, or drilling or reworking operations are conducted thereon, as provided herein.

3. The royalties to be paid Lessor are:

(a) Oil Royalty. On oil (including any other liquid hydrocarbons) the sum of one-fourth (1/4) of the value of the gross production, said value to be based on the market value for oil sold in the area. Lessor shall, however, always have the right to receive its oil in kind by giving Lessee 30 days advance written notice of the exercise of such right. Lessee shall, until it receives such 30 days advance written notice from Lessor, sell or purchase Lessor's royalty oil in Lessee's possession upon the terms and conditions aforesaid. The royalties to be paid Lessor on oil shall be free and clear of all of the costs and expenses of exploration, development, operation, production, gathering, transportation, treating, compression or marketing said oil.

(b) Gas Royalty.

(1) Gas Processed by Third Parties. If gas (which term "gas" includes casinghead gas) produced from Said Land is processed in a hydrocarbon recovery plant for the recovery of liquid and/or liquefiable hydrocarbons therefrom, and if such plant is not owned in whole or in part by Lessee or by any subsidiary or affiliate of Lessee, and if Lessee or any subsidiary or affiliate of Lessee receives plant products or revenue attributable thereto or other benefits therefrom, then Lessor shall receive one-fourth (1/4) of all such plant products, revenue and other benefits received by Lessee or any subsidiary or affiliate of Lessee attributable to gas produced from Said Land; and, in addition thereto, Lessor shall be paid as royalty the market value at the point of sale or use of one-fourth (1/4) of all residue gas sold or used.

(2) Gas Processed by Lessee. If gas produced from Said Land is processed in a hydrocarbon recovery plant for the recovery of liquid and/or liquefiable hydrocarbons, and if such plant is owned in whole or in part by Lessee or by any subsidiary or affiliate of Lessee, then Lessor shall have and be entitled to a royalty of one-fourth (1/4) of all products of every kind extracted, absorbed, separated or saved from said gas, to be delivered free of cost to Lessor, either at the hydrocarbon recovery plant or to Lessor's credit into the pipeline to which such plant may be connected, at Lessor's election, and, in addition, Lessor shall be paid as royalty the market value at the point of sale or use of one-fourth (1/4) of all residue gas sold or used.

(3) Gas Not Processed. Lessee agrees that all gas (including casinghead gas) produced from Said Land and not processed in a hydrocarbon recovery plant, as provided in Paragraphs 3.(b)(1) or 3.(b)(2) above shall, before the same is sold or used for any purpose or is transported from Said Land, be passed through a low temperature extraction unit (known as "LTX" Unit);

provided, if an LTX Unit is not economically feasible such gas shall be passed through a separator system situated on Said Land, and such LTX Unit or separator system above provided, as the case may be, shall be designed and operated to effect the maximum economical recovery of liquid and liquefiable hydrocarbons therefrom; and on all condensate, distillate, natural gasoline, kerosene, and all other hydrocarbons and products and any mixture of liquid and liquefiable hydrocarbons produced with gas from Said Land and saved by being condensed or absorbed from or separated from such gas by means of such LTX Unit or separator system, or by any other method, Lessor shall have and be entitled to a royalty of one-fourth (1/4) of that so produced and saved, the same to be delivered free of costs, at Lessor's election, either at the well or to the credit of Lessor into the pipeline to which the well or wells may be connected; and in addition, if such gas is not thereafter processed, and if the same is sold or used, Lessor shall be paid as royalty the market value at the point of sale or use of one-fourth (1/4) of all such gas sold or used but if such gas, after having passed through such LTX Unit, separator system, or other facilities, is thereafter processed, the royalty provisions of Paragraphs 3.(b)(1) or 3.(b)(2) hereof shall also apply to such gas, and royalties shall be paid to Lessor thereon in accordance with such provisions.

(4) Other Gas. On all gas (including casinghead gas, gas flared in violation of any statute, rule or order and other substances, including helium produced from the leased premises and sold or used) for which no royalty is otherwise specified in this lease, Lessor shall be paid as royalty the market value at the point of sale or use of one-fourth (1/4) of all such gas sold or used or flared. However, Lessee shall have free use of gas produced from the Land for the use on the Land calculated to increase production from the wells upon the Land.

Comment [FE1]: No free use of gas on lease

(5) "Market Value" Limitations. If and as long as the first sale of any gas produced hereunder is subject to any maximum lawful price under the Natural Gas Policy Act of 1978 or any successor legislation or regulation, the "market value" of such gas for purposes of this Section shall never be greater than the maximum lawful price on the date produced for which the gas could qualify under such Act; and (b) if and as long as the first sale of any gas produced hereunder is not subject to any maximum lawful price under the Natural Gas Policy Act or any successor legislation or regulation, the "market value" of such gas shall never be less than the highest price received each month by Lessee (or any successor or assignee of any interest of Lessee in the leased premises) for the first sale by Lessee (or any successor or assignee of Lessee) of any gas of similar quality produced in the general area, prior to any deductions for location differentials or expenses of production, gathering, dehydration, processing, treating, compressing, transporting or marketing said gas.

(c) Sulphur Royalty. This lease is intended to cover only oil and gas, but it is contemplated that some sulphur may be produced necessarily with and incidental to the production of oil or gas from Said Land, and, in such event, this lease shall also cover such sulphur so produced; and on all such sulphur so produced under and by virtue of the terms of this lease, Lessor shall have and be entitled to a royalty of one-fourth (1/4) of all

such sulphur so produced and saved, such one-fourth (1/4) sulphur royalty shall be sold by Lessee with Lessee's portion of such sulphur produced and saved from Said Land, and at the same prices received for Lessee's portion of such sulphur produced and saved from Said Land, or, at Lessor's election, same to be delivered to Lessor as royalty, free of all costs.

(d) Royalty Free of Charges. Lessor's royalty on oil, gas, sulphur, liquid hydrocarbons and the constituent products therefrom shall never bear or be chargeable with, either directly or indirectly, any part of the costs or expenses of drilling, testing, completing, operating, production, gathering, dehydration, compression, lease fuels, plant fuels, transportation, manufacturing, processing, treating, location differentials or marketing of the oil, gas, liquid hydrocarbons and the constituent products therefrom from the Said Land, nor any part of the costs of construction, operation or depreciation of any plant or other facilities or equipment for gathering, processing, transporting, or treating said oil, gas, liquid hydrocarbons and the constituent products therefrom produced from Said Land except, however, severance or other taxes applicable to Lessor's share of production which are actually paid by Lessee, or deducted by the purchaser of production, and are not reimbursed or refunded to the Lessee.

(e) Shut-in Royalty. If at any time, after the expiration of the primary term, Lessee shall have completed a well or wells on Said Land, or on land properly pooled therewith, which well or wells are capable of producing gas in paying quantities but are shut-in with the result that gas is not produced and sold or used, then Lessee shall pay as royalty to Lessor for each shut-in well on or before the expiration of 90 days after (i) the date of completion of such gas well (which completion date shall be the date on which the tubing has been run on the applicable well), or (ii) the date such gas ceases to be sold or used, as the case may be, and at monthly intervals thereafter, an amount equal to \$100.00 per acre per year for each such well, and upon making said payment it will be considered that each such well is producing gas in paying quantities within the meaning of this lease during the month for which each such payment is so made. In like manner and upon like payments being made monthly on or before the expiration of the last preceding month for which such payment or tender has been made, it will be considered that said well or wells are producing gas in paying quantities for successive periods of one (1) month each; provided, however, that such shut-in gas well payments shall in no event continue this lease in force as to each shut-in gas well for more than a cumulative period of two (2) years beyond the expiration of the primary term provided for herein. All shut-in payments shall be made to Lessor addressed to Lessor's address set out on page one (1) of this lease (or such other address as shall be specified by written notice to Lessee).

(f) Timely Payment of Royalty. Accounting and payment to Lessor of royalties from the production of oil and gas as herein provided shall commence no later than 90 days after the first sale or removal from Said Land, or on land properly pooled therewith, of any oil or gas produced. Thereafter, unless otherwise specifically provided herein, all accounting and payments of royalties shall be made on or before the last day of the second calendar month following the calendar month in which the production

occurred. Unless otherwise herein expressly provided, any royalties or other payments provided for in this lease which are suspended or not paid to Lessor within the time period specified therefor shall accrue interest at the rate of the greater of twelve (12) percent per annum, or prime plus two percent (2%) per annum, from the due date until paid. Acceptance by Lessor, its successors, agents, or assigns, of royalties which are past due shall not act as a waiver or estoppel of its right to receive or recover any and all interest due thereon under the provisions hereof, unless the written acceptance or acknowledgement by Lessor to Lessee expressly so provides. Any tender or payment to Lessor of a sum less than the total amount due to Lessor hereunder which is made or intended to be made as an offer of settlement or accord by or on behalf of Lessee, its agents, successors, or assigns, must be accompanied by a Notice of Settlement Offer, so denominated, addressed to Lessor's address set out on page one (1) of this lease (or such other address as shall be specified by written notice to Lessee). Any such offer of settlement submitted solely by the tender of a check containing language of settlement or accord printed or otherwise inserted thereon shall not be deemed an offer of settlement or accord, unless preceded or accompanied by such Notice of Settlement Offer.

(g) Right to Take in Kind. Notwithstanding any provision of this Paragraph 3. to the contrary, Lessor shall have the right and option, but not the obligation, to take in kind Lessor's royalty share of all oil and/or gas produced under the terms of this lease and to separately market such oil and/or gas for Lessor's own account. Lessor's option may be exercised at any time and from time to time by Lessor giving Lessee not less than 90 days advance written notice. Lessee agrees that all gas contracts executed by Lessee and covering any gas produced under the terms of this lease shall include a reference to Lessor's right to take in kind and separately market Lessor's royalty share of gas production and shall expressly provide that such gas contract shall not cover such royalty gas at any time and from time to time when Lessor exercises such right. In the event Lessor elects to take in kind and separately market Lessor's royalty gas, Lessee agrees to deliver such gas to Lessor at the well site after separation and dehydration has been completed or at the tailgate of any plant constructed on Said Land at Lessor's choice. All other costs and expenses attributable to Lessor's election to separately market Lessor's royalty share of gas production shall be borne by Lessor. If Lessor elects to take its share of gas in kind, Lessor and Lessee shall enter into a mutually acceptable balancing agreement providing for balancing of gas production between Lessor and Lessee. Should Lessor elect not to take in kind its royalty portion of any oil and/or gas produced hereunder after having done so, Lessor shall notify Lessee of Lessor's desire to no longer take said royalty in kind and it shall be Lessee's obligation to market said production for Lessor and to pay Lessor's royalty according to the terms and provisions of this lease.

(h) Take or Pay Gas Contracts. In the event Lessee enters into a gas purchase contract which contains what is commonly referred to as a "take or pay provision" (such provision meaning that the gas purchaser agrees to take delivery of a specified minimum volume or quantity of gas over a specified term at a fixed price or to make minimum periodic payments to the producer even though gas is not being delivered to the purchaser) and the purchaser under such gas purchase contract makes payments to the producer by virtue of such purchaser's failure to take delivery of such minimum volume or quantity of gas, then Lessor shall be entitled to one-fourth (1/4) of all such sums paid

to Lessee or producer under the "pay" provisions of such gas purchase contract. Such royalty payment shall be due and owing to Lessor within 30 days after the receipt of such "payments" by Lessee. If gas purchaser "makes up" such gas within the period called for in the gas contract and Lessee is required to give such purchaser a credit for gas paid for but not taken, then Lessor's royalty on future gas delivered to such purchaser shall not be credited with any payments for the make-up gas. If Lessee is not producing gas from Said Land, but is receiving payments under the "pay" portion of such "take or pay" gas purchase contract provision, such payments shall not relieve Lessee of the duty to make shut-in royalty payments if Lessee desires to continue this lease, but such royalty payment shall be applied as a credit against any shut-in royalty obligation of the Lessee. Lessor shall be a third-party beneficiary of any gas purchase contract and/or transportation agreement entered into between Lessee and any purchaser and/or transporter or pipeline company irrespective of the provisions of said contracts to the contrary. Further, Lessor shall be entitled to one-fourth (1/4) of the value of any benefits obtained by or granted to Lessee from any gas purchaser and/or transporter for the amendment, modification, extension, alteration, consolidation, transfer or cancellation of any gas purchase contract and/or transportation agreement.

(i) Division Orders. The execution of Division Orders shall never be required as a prerequisite for payment of any royalty, and division orders, if signed by the Lessor, shall not be construed as modifying or amending this lease.

4. This is a three year paid up lease and there are no delay rentals.

5. Lessor and Lessee agree as follows:

(a) If after the expiration of the primary term, all production of oil or gas from Said Land, or from land properly pooled therewith, should at any time cease for any cause, this lease shall continue in effect as to Said Land for a period of sixty (60) days from cessation of production, and may only be continued thereafter on the condition that if Lessee commences drilling operations on Said Land, or on land properly pooled therewith, within said sixty (60) day period, this lease shall continue in effect as to such land as long as drilling operations are prosecuted with reasonable diligence, in a good faith manner, with no cessation of more than sixty (60) consecutive days, and thereafter as long as oil or gas is produced in paying quantities from Said Land, or from land properly pooled therewith, subject to the provisions of Paragraph 5.(d) below.

(b) As to Said Land, or to land properly pooled therewith, if at the expiration of the primary term hereof no oil or gas is being produced therefrom, but Lessee is then engaged in drilling operations thereon, or within the 180 day period specified in Subparagraph 5. (d) below Lessee commences drilling operations on Said Land, or on land properly pooled therewith, this lease shall continue in effect as to such land in the manner and for the time specified in Subparagraph 5. (d) below.

(c) The term "drilling operations" whenever used in this lease shall mean and include actual drilling of a well; reworking operations; and deepening, plugging back, cleaning out, repairing, or testing of a well being conducted with equipment customarily

used in the industry for such operations, in a prudent manner, with reasonable diligence and in a bona fide good faith effort to obtain or restore the production of oil or gas in paying quantities. For all purposes of this lease:

(1) The day of commencement of drilling operations on a well shall be that day upon which the surface of the earth is penetrated by the drilling bit;

(2) The completion date of a well which results in production in paying quantities shall be that day upon which the tubing has been run;

(3) The completion date of a well which results in a dry hole and is abandoned shall be the day upon which the plug is set; and

(4) As to all other operations on a well, the date of commencement of the applicable operation shall be the date on which the equipment required to conduct such operation in the manner specified herein has been installed on the well and the actual operation thereof has commenced; and the completion or cessation of any such operation shall be deemed to have occurred on the earlier of the date such operations are discontinued or the date such reworking or drilling equipment is removed from the well.

Lessor shall be advised in writing by Lessee of the date of (i) commencement of actual drilling of all wells, (ii) completion of all wells, (iii) plugging of all wells contemplated hereunder, and (iv) the shut-in date of all wells, same to be forwarded to Lessor with 10 days of the commencement, completion, plugging or shut-in, as the case may be.

(d) After the expiration of the primary term, this lease shall continue in force as to all lands covered hereby so long as Lessee is engaged in continuous drilling operations on Said Land or on land properly pooled therewith. Drilling operations shall be deemed continuous if not more than 180 days elapse between the completion or abandonment of one well and the commencement of drilling operations for another well. Upon the cessation of continuous drilling operations this lease shall terminate as to all of Said Land, except as follows:

For Vertical Wells:

(1) If Lessee has completed a well on Said Land, or on land properly pooled therewith, which is producing oil in paying quantities, then this lease shall continue in effect as to a tract of land limited to and in conformity with the minimum acreage for the maximum allowable provided for or established by the Railroad Commission of Texas for a proration unit for a producing oil well but in no event less than forty (40) acres. Such acreage shall hereinafter be referred to as the "Spacing Unit" for such well;

(2) If Lessee has completed a well on Said Land, or on land properly pooled therewith, which is producing, or capable of producing, gas in paying quantities, then this lease shall continue in effect as to a tract of land limited to

and in conformity with the minimum acreage for the maximum allowable provided for or established by the Railroad Commission of Texas for a proration unit for a gas well but in no event less than one hundred sixty (160) acres. Such acreage shall hereinafter be referred to as the "Spacing Unit" for such well. If no proration unit for a gas well has been established by the Texas Railroad Commission then the following formula for pooling shall apply to such gas wells:

one hundred sixty (160) acres of land surrounding each gas well producing or capable of producing gas in paying or commercial quantities.

For Horizontal Wells:

One hundred sixty (160) acres plus additional acreage assignment for fields with a density rule greater than 40 acres (which is based on horizontal drainhole displacement) as provided in Texas Railroad Commission Rule 86 (adopted effective June 1, 1990). For purposes hereof, a "horizontal well" shall be defined as an oil or gas well in which the horizontal displacement of the gross completion interval exceeds 150 feet in length. Further, for purposes hereof, the "horizontal drainhole displacement" shall be the distance from the penetration point of the Barnett Shale Formation to the terminus of the wellbore.

In each case, the Spacing Unit for each such oil or gas well so held is to be limited to all depths and formations from the surface of the earth down to the subsurface depth of one hundred (100) feet below the base of the deepest formation from which such well is producing in paying quantities (or capable of producing in paying quantities, if a gas well and the gas well is shut-in). After Lessee has ceased continuous drilling operations on Said Land, the leasehold rights in each Spacing Unit must be separately maintained hereunder and production from or operations on one Spacing Unit shall not maintain this lease as to any of Said Land included in another Spacing Unit, and thereafter this lease shall continue in effect as to each Spacing Unit so long, and only so long, as the well located on the applicable Spacing Unit continues to produce in paying quantities. Each Spacing Unit shall be designated in writing by recordable instrument within thirty (30) days following the applicable completion date of a well completed on Said Land, or on land properly pooled therewith, and the aforesaid Spacing Unit shall be accurately described by metes and bounds, or other adequate legal description, and such instrument shall be filed for record in the appropriate records of the County in which the lands affected thereby are located. Lessor shall be furnished a copy of such recorded instrument within a reasonable period of time thereafter. It is the intention of the parties hereto that upon the cessation of continuous drilling operations by Lessee upon Said Land, or on land properly pooled therewith, pursuant to this Subparagraph 5. (d), each Spacing Unit shall be treated as constituting a separate lease and neither production from nor operations on a given Spacing Unit shall maintain this lease in force as to any other lands covered hereby included in a different Spacing Unit. Lessee shall use only acreage covered by this lease and owned by Lessor for purposes of designating each Spacing Unit



until such time as insufficient acreage covered by this lease is available for use in said units, and at such time, other acreage may be pooled therewith. Nothing contained herein shall preclude Lessee, upon written consent from Lessor, to pool adjoining, contiguous or adjacent acreage of Lessor herewith, but not covered by the terms of this lease. The acreage covered by this lease included in each Spacing Unit shall be of such shape and have such boundary lines as to comply with applicable rules and regulations of the governmental authority having jurisdiction.

6. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land, exclusive of any and all well bores existing on the adjacent land as of the date of this lease, and within three hundred thirty (330) feet at its point of penetration of the Barnett Shale of the boundaries of Said Land ("Adjacent Well"), then within 180 days after said well is completed Lessee shall commence actual drilling operations for a well located on Said Land (hereinafter referred to as "offset well") so as to prevent drainage of Said Land. If Lessee shall fail to timely commence or drill any such offset well, Lessee shall pay Lessor as compensatory damages, the royalties provided for herein on the equivalent production from the well or wells offsetting Said Land. In lieu of paying compensatory damages Lessee shall have the option to release 160 acres of land covered by this lease contiguous to and adjacent to the land upon which the Adjacent Well is located (limited to the producing formation in the Adjacent Well) if the Adjacent Well is a horizontal well or 40 acres of land if the Adjacent Well is a vertical well. The release must be executed and delivered within 180 days of completion of the of the Adjacent Well. If Lessee fails to timely deliver such release, then Lessee's option to release hereunder shall terminate and Lessee shall then be obligated to pay compensatory damages. If oil or gas is discovered on Said Land, Lessee agrees to develop Said Land as would a reasonably prudent operator under the same or similar circumstances. This Paragraph does not apply if the portion of the Lease that is within 330' of the point of penetration of the Adjacent Well is already within a Spacing Unit attributable to a well under this lease at the completion the Adjacent Well.

7. Lessee shall have the right to use of water from Said Land for all operations hereunder and solely upon Said Land, provided that no surface water or underground fresh water will be used for water flood or pressure maintenance operations. Lessee shall comply with

applicable state and federal rules and regulations in disposition of salt water, brine or other fluids utilized in or resulting from operations, and shall not cause or permit any such substances to damage or pollute the surface of Said Land, or any fresh water sands lying thereunder. Lessee shall not have the right to locate a saltwater or other disposal well on Said Land or to dispose of any deleterious substances in pits constructed or located on Said Land. Lessee shall have the right at any time within 90 days after the expiration of this lease, provided Lessee is not in default hereunder, to remove all property and fixtures placed by Lessee on Said Land including the right to draw and remove all casing except casing in water wells and the items covered in Paragraph 17.e. hereof (which shall be and remain the property of Lessor). The failure of Lessee to remove such property or fixtures within such 90 day period shall be a waiver of all of Lessee's right, title and interest in and to such property and fixtures which shall become the sole property of Lessor from and after the ninety first (91st) day. Lessee shall cause all water wells drilled to have surface casing of heavy pipe, set in concrete with a steel removable cap installed. Lessee shall do nothing that will in any way damage any such water well or prevent its future use by Lessor. Lessee shall pay the owner of the surface and the surface lessee, as their interests may appear, for all damages to Said Land and any livestock located thereon resulting from Lessee's operations hereunder (operations for this paragraph shall include, but not be limited, to geophysical, road construction and maintenance, locations, drilling operations, plant facilities, pipe lines, both gathering and transportation and their associated facilities, and all other operations of any kind or character conducted upon Said Land), and Lessee agrees upon completion of its operations at each well location to restore Said Land, backfill all pits and holes, and to leave Said Land in as good or better condition as it was in at the commencement of this lease. Any and all pipelines constructed on or across the leased premises shall be for the sole purpose of, and shall not exceed the size necessary for, gathering and transporting oil, gas and any related constituent products thereof produced solely from Said Land, or from land properly pooled therewith. Lessee shall bury and maintain the top of all pipelines not less than three (3) feet below the surface of the earth, and no well shall be drilled within one thousand (1,000) feet

of any residence or barn existing at the time of execution of this Lease on Said Land, without Lessor's prior written consent. Before constructing any roads or establishing any routes of ingress or egress, or pipelines, over and upon Said Land, Lessee shall first secure the approval of Lessor, or its designated representative, in writing, as to the type and location of such roads or routes of ingress or egress. In the event geophysical exploratory operations are conducted on Said Land, all shot holes will be kept a sufficient distance away from Lessor's water wells and buildings, so as not to cause any damage to either water wells or buildings, and Lessee shall promptly plug all shot holes with good and sufficient concrete plug(s) set below plow depth level, and the surface of Said Land shall be restored to as good or better condition as it was in before the commencement of such operations.

8. This lease does not include, and there is hereby excepted and reserved to Lessor, all of the coal, lignite, uranium, and other fissionable materials, geothermal energy (including entrained methane, hydrostatic pressure, and thermal energy), base and precious metals, and any other mineral substances (excepting only oil, gas and liquid hydrocarbons produced therewith which is expressly covered by this lease) presently owned by Lessor in, under or upon Said Land. Lessor and Lessee shall each conduct their respective operations on the leased premises so as not unreasonably to interfere with the operations or activities of the other.

9. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors, and assigns of the parties hereto. No assignment of this lease by Lessee, in whole or in part, shall be valid or of any force and effect unless the following conditions, as applicable, are met:

(a) This lease, or any portion thereof, shall not be assigned without the express prior written consent of Lessor.

(b) Any assignment of this lease, in whole or in part, by Lessee to a bonafide assignee of Lessee shall contain a provision whereby such assignee expressly assumes all covenants, terms, provisions, conditions and obligations of this lease and the assignee must execute such assignment in order for same to become effective. Lessee shall notify Lessor in writing of its intention to assign the lease, or any portion thereof, prior to making such assignment. Such notice shall contain the identification of the proposed

assignee and a description of all terms and conditions of the assignment. If within 15 days after receipt of such notice, Lessor objects in writing to the proposed assignment, then such Lessor shall have the right to purchase the interests contained in the proposed assignment at the same terms as those offered bonafide assignee. Lessor's approval to any proposed assignment may not be unreasonably withheld; and

(c) Lessor shall be furnished within 30 days after the execution of any assignment a certified copy, or photocopy of a certified copy, of the recorded assignment.

In the event of an assignment of this lease to a segregated portion of Said Land, the shut-in royalty payable hereunder shall not be apportioned as between the several leasehold owners. If Lessee assigns any part or all of Lessee's rights and interests hereunder, Lessee shall cause any assignee to comply with all valid federal and state laws, rules, and regulations affecting the leased premises and all operations thereon; and Lessee, its successors and assigns, does hereby indemnify and agree to hold Lessor harmless from all claims, causes of action, damages, costs, and expenses (including, but not limited to, attorney fees, expert fees, accounting fees, witness fees and court costs) relating to any operations of Lessee, its successors or assigns, on Said Land.

10. Lessee shall not be liable for delays or defaults in its performance of any agreement or covenant hereunder (other than any covenant or agreement which relates to the payment of money) due to force majeure, and upon Lessee giving notice and full particulars of such force majeure in writing or by telegraph to Lessor as soon as possible after the occurrence of the cause relied on, the obligations of Lessee, so far as they are affected by force majeure, shall be suspended during the continuance of any inability so caused by such force majeure and for no longer period; and such cause shall, as far as possible, be remedied with all reasonable dispatch. The term "force majeure" as used herein shall mean any act of God, including, but not limited to, storms, floods, earthquakes, landslides, lightning or any other cause beyond the reasonable control of Lessee (including but not limited to delays caused by the attempt to obtain a complete development plat, including surface development, as required by the City of Arlington). This lease is expressly made subject to, and Lessee in its operations hereunder shall comply with all applicable requirements of, all federal and state laws, and all rules and regulations of any governmental agency, state or federal, having jurisdiction of the premises, and

nothing herein contained shall be construed as requiring Lessee to violate any such laws, rules, or regulations or to penalize Lessee for complying therewith. If Lessee is required, ordered, or directed by any federal or state law, or any order, rule or regulation of any governmental authority, to cease drilling, reworking, or producing operations on Said Land, or if Lessee by force majeure is prevented from conducting such operations, then until such time as such law, order, rule, regulation, or force majeure is terminated, and for a period of 120 days after such termination, each and every provision of this lease or implied covenant arising thereunder that might operate to terminate this lease, or the estate conveyed by it, shall be suspended and inoperative and this lease shall continue in full force and effect during such period; If any period of suspension exists or occurs during the last twelve (12) months of the primary term, the time thereof shall be added to such term; provided, however, that in no event shall the term hereof be extended for a cumulative period of more than one (1) year solely by reason of this paragraph.

11. Lessee shall notify Lessor in writing of the location of all drill pads upon which wells will be drilled on Said Land, or on land properly pooled therewith, not later than 10 days prior to commencement of operations, and shall advise Lessor in writing of the date of completion and/or abandonment of each such well within 10 days after completion or abandonment. Lessee agrees to promptly furnish to Lessor, or to its authorized representatives, full and complete information, as soon as it is available to Lessee, with respect to: (a) all drilling, testing and completion operations on Said Land, or on land properly pooled therewith, and the production of oil, gas, liquid hydrocarbons, and their respective constituent products therefrom, including, but not limited to, daily drilling reports, samples of all cores, results of drill stems and any other tests and copies of all mud and electrical logs, all geophysical information which Lessee may have available, all seismic information, landsat imagery, magnetic readings and the like bearing on formations in and under Said Land, or in and under land properly pooled therewith, or productivity thereof, and (b) all information regarding the sales of oil, gas, liquid hydrocarbons, and their respective constituent products produced hereunder. With respect to geophysical or seismic activities conducted by Lessee, or Lessee's agent's or independent

contractors, on Said Land, or on land properly pooled therewith, Lessee agrees to furnish Lessor with copies of all seismic information, tapes, milars, field notes, maps, and any other geophysical or seismic information, in its broadest sense. Such copies shall be delivered to Lessor at the address stated on Page 1 hereof within 10 days of receipt of same by Lessee. Lessee shall furnish to Lessor complete and usable seismic data in Lessee's, or Lessee's agents', representatives' and/or contractors' possession, custody or control and shall make certain that Lessor has the full rights for themselves, their heirs, successors, lessees and/or assigns, to fully utilize the data to enhance the mineral development of Said Land. Notwithstanding the foregoing, Lessor agrees not to sell the seismic data in the market place and keep it confidential unless it was derived from data already belonging to Lessor (i.e. a reprocess, etc.). Lessee agrees, with respect to monthly production periods, to mail, or cause the Operator to mail, to Lessor, at the address set forth on page one hereof by regular mail, postage pre-paid, an accounting with respect to (i) the production of oil, gas and liquid hydrocarbons from the Lease during each applicable monthly production period and (ii) sales of oil, gas and liquid hydrocarbons during such monthly production period, out of production from the Lease, together with the following information, relating to such production period, on or before the last day of the 2<sup>nd</sup> calendar month immediately following the applicable month of production:

- (a) MMBTU system balance or MCF system balance, if any;
- (b) all Railroad Commission forms; i.e., R-3's, P-2's & P-1's;
- (c) gas analysis sheets and volume statements;
- (d) purchase statements for the following:
  - (i) gas purchases
  - (ii) condensate and/or oil purchases; and
  - (iii) LPG purchases, if any;
- (e) current gas contract(s) and any amendments or price change notifications;

(f) allocation statement(s) for condensate and gas;

(g) gas liquid analysis sheets, hydrocarbon analysis of separator liquid, liquid volume statements, corrected production and flash factor determinations; and

(h) all other information, measurements, reports and data that may be reasonably requested by Lessor to enable Lessor to have the production from any applicable production period checked by an expert for MMBTU system balance and correct royalty interest computation according to the terms and provisions of this lease.

During the term of this lease, Lessor and its authorized representatives shall at all times have full right of ingress and egress to the leased premises for the purposes of inspecting drilling, testing, completion or producing operations and for any and all other purposes which Lessor may consider necessary and advisable. Lessor and its representatives shall also have the right on an annual basis during regular business hours at Lessee's offices to inspect, examine and make copies of, and extracts from, all of Lessee's books, records, accounts, contracts, commitments and agreements that relate to Said Land or to land properly pooled therewith, operations thereon, or production therefrom (including without limitation, the information referred to above).

12. Without limiting the foregoing, if Lessor's interest in the oil, gas or other hydrocarbons covered by this lease in, on, and under Said Land is less than the undivided fee simple estate to the entirety thereof, then Lessor agrees that the royalties and shut-in payments provided for in this lease shall be paid to Lessor in the proportion which Lessor's interest bears to the entire and undivided fee simple estate therein. Lessee at its option may discharge any tax lien upon Lessor's interest in the land covered by this lease (unless such tax lien is being contested in good faith by Lessor by appropriate proceedings instituted for such purpose). Lessee agrees to deliver to Lessor, free of cost to Lessor, copies of all title opinions, division order title opinions, and any supplements or amendments thereto, and related curative documents covering all or any portion of Said Land, free of cost to Lessor, within 10 days of receipt of such opinions or documents by Lessee. Lessee further agrees to deliver to Lessor all abstracts of title, and any supplements or amendments thereto, pertaining to the lands covered herein, free of cost

to Lessor, upon the expiration of this lease or at the completion of all division order title opinions hereon, whichever occurs first.

13. It is agreed that neither this lease nor any terms or provisions hereof shall be altered, amended, extended, or ratified by any division order or transfer order executed by Lessor, its successors, agents, heirs or assigns, but that any division orders or transfer orders shall be solely for the purpose of confirming the extent of Lessor's interest in production of oil and gas from Said Land, or from land properly pooled therewith. Any amendment, alteration, or ratification of this lease or of any term of provision of this lease shall be made by an instrument in writing clearly denominated as to its purpose and effect, describing the specific terms or provisions of the lease affected and the proposed change or modification thereof, and must be executed by the party against whom any such amendment, alteration, extension, or ratification is sought to be enforced, and any purported amendment, alteration, extension, or ratification not so denominated and executed shall be of no force and effect.

14. Any notice or other communication permitted or required under the terms hereof shall be in writing and, unless otherwise specified, be deemed properly given on the date personally delivered or on the date post marked if mailed, postage prepaid United States registered mail, return receipt requested, addressed to Lessor or Lessee, as the case may be, at the address set forth at the commencement of this lease, or to such other address as may hereafter be designated by either party to the other in writing.

15. Upon expiration or termination of this lease for any reason as to all or any portion of Said Land, Lessee shall be obligated at its expense promptly to prepare, execute and file in the public records in the County in which such land, or portion thereof, is located an appropriate release instrument covering all or such portion of Said Land, and to forward a copy of same as so recorded to Lessor within 30 days after such expiration or termination date.

16. Lessor shall have the right, personally or by representative, at Lessor's risk, to have reasonable access to the derrick floor with the right to observe all operations on all wells drilled on Said Land, or on land properly pooled therewith, with the right to inspect and take



samples of all cores and cuttings, and the right to witness the taking of all electrical logs and drill stem tests. Lessor, and Lessor's designated agents, shall have the right to be present when wells and/or tanks are gauged and measured, and shall have the right to examine all run tickets and to have full information as to production and runs.

17. Lessee further covenants and agrees to the following:

(a) Lessee agrees to line all pits dug on Said Land that hold anything other than fresh water.

(b) Lessee is to place adequate culverts where all roadway crossings used by Lessee in its operations hereunder impede the drainage of Said Land and the adequacy of such drain tile installations is to be determined by Lessor, or its duly authorized representative, and all such culverts shall remain in place and become the property of Lessor at the termination of this lease, unless otherwise directed by Lessor in writing.

(c) Lessee shall maintain, at Lessee's sole cost and expense, all roads used by Lessee with rock or gravel at least four (4) inches compacted and leave same in such condition when finished with the use thereof. If, during the course of conducting operations on Said Land, dust becomes a problem or a danger, then Lessee agrees, upon receipt of written notice from Lessor, to oil top up to 20% of all roads utilized by Lessee in that portion of Said Land where the worst dust problems are occurring. All ranch roads located on Said Land utilized by said Lessee herein shall have posted by Lessee every 1/2 mile a speed limit sign with a maximum speed limit of 20 mph.

(d) No well, tank battery or other surface production or marketing facility of Lessee shall be located within two hundred fifty (250) feet of any residence, corral, water well or tank which construction was commenced prior to notification of Lessee to Lessor of Lessee's intent to commence operations on a well or construct a tank battery or other surface production or marketing facility without the prior written consent of Lessor. The location of each well, tank battery, road and right-of-way for a pipeline or flow line shall use only existing and established roads insofar as is practical and only so much of the surface of Said Land as is necessary to conduct operations under this agreement in a reasonable and prudent manner.

(e) Reasonable care shall be taken by Lessee to prevent erosion of Said Land resulting from any of its operations hereunder. Before constructing any new roads on Said Land, Lessee agrees to consult with Lessor as to any such road location, and Lessee agrees to locate any such road or roads in such a manner as to cause minimum damage to Said Land or minimum interference with Lessor's surface operations thereon. Any roadways deemed necessary by Lessee hereunder shall be constructed and maintained in such a way as not to prevent the surface drainage of Said Land. Lessee agrees to repair any damages to terraces which may be occasioned through its operations hereunder. Lessee agrees to survey, plat and to pay to Lessor the sum of \$1500.00 per acre of Said

Land, or portion thereof, used for road(s) as damages to the surface of such land within 120 days of completion of construction of such road(s). All road material and like improvements including, but not limited to, gravel, cattle guards, gates, bridges and culverts once placed on Said Land shall become the property of Lessor at the termination of this lease. All power improvements including, but not limited to, power lines and poles once placed on Said Land shall become the property of Lessor at the termination of this lease if Lessor so elects in writing.

(f) Lessee shall construct and maintain fences around each site of Lessee's surface facilities (including, but not limited to, tank batteries and slush pits) sufficient to keep all cattle and other livestock out of such sites. Lessee shall promptly install cattle guards (10 feet x 16 feet) with locking arm along with a side metal gate (16 feet wide) capable of turning cattle and other livestock at all openings and fences crossed by Lessee in conducting its operations. All cattle guards shall be installed on concrete beams and shall be built by Lessee to Lessor's specifications, on a case-by-case basis. All cattle guards and fences on the boundary of Said Land shall contain a metal locking arm or gate and shall be kept locked at Lessor's request and a key furnished to Lessor. All gates shall be kept closed at all times when not actually in use. All openings in fences shall be made by using six inch (6") pipe "H" braces on both sides of the opening and shall be secured by setting in concrete at least three feet (3') deep.

(g) All gathering lines if any, constructed by Lessee on Said Land shall be buried not less than three (3) feet below the surface of the earth and shall be constructed and/or laid if reasonable, in such a manner as not to interfere with Lessor's use of the surface of Said Land. Lessee agrees to survey, plat and to pay to Lessor the sum of \$2.00 per rod of gathering line installed as damages to the surface within 120 days after the completion of construction of said gathering line. Lessor and Lessee understand and agree that Lessor does not convey or grant to Lessee the right to lay or construct any transportation pipeline on, over or through Said Land. The right of Lessee, or any third party, to lay or construct any transportation pipeline shall be covered by a separate written agreement.

(h) Lessee shall promptly fence all pits and installations to prevent entry into such pits and installations by livestock. Within a reasonable time after completion of drilling, plugging or reworking operations, but in any event, not to exceed 90 days thereafter, Lessee shall remove all driller's mud and chemicals, level all dumps and mounds, fill all holes, pits, ditches and excavations, remove or burn all brush and debris, and remove all concrete blocks, pipe collars or other objects placed by it upon Said Land, or upon the terminated portion of such lease, as the case may be, and put the surface of Said Land, including, grass, in as good or better condition as it was before the commencement of such operations or better.

(i) Lessee shall at all times use reasonable care in all of the Lessee's operations on Said Land to prevent injury or damage to the cattle, livestock, buildings or other property of Lessor, or Lessor' tenant situated on the surface of Said Land, or Lessor's water wells and tanks located thereon, and Lessee shall pay Lessor and Lessor's tenants for all actual damages to cattle, crops, grasses, buildings, livestock, fences, tanks,

water wells, and without limitation, all other property of Lessor situated on the surface of Said Land resulting from Lessee's operations on Said Land, within 120 days of such damage.

(j) Lessee, its agents, servants, employees, or independent contractors will not bring any firearms or dogs upon Said Land (or fire any such weapons) and shall order its employees not to hunt or fish on Said Land, and, insofar as Lessee is reasonably able to do so, to prevent any unauthorized party from hunting or fishing thereon. In this regard, it is understood and agreed by and between the parties hereto that this lease does not cover and include any right or privilege of hunting or fishing with or without firearms on Said Land, all hunting and fishing rights being expressly reserved unto Lessor. If this term is violated,

(k) Lessee shall not allow any waste oil or salt water, drilling muds or fluids, or other harmful matter used in its operations to flow over the surface of Said Land, nor allow same to drain down in the creeks, rivers, ponds, tanks, draws, drains or ravines on Said Land, and any breach hereof shall obligate Lessee to pay to Lessor reasonable damages therefor within 120 days of said occurrences. Lessee shall defend, indemnify and hold Lessor harmless from and against any and all costs, losses, liabilities, damages, expenses, claims, suits and demands whatsoever, including court costs, expert fees and attorneys' fees, arising out of any environmental problems pertaining to Lessee's ownership of or operations on Said Land. In addition thereto, Lessee shall construct salt water collection facilities as shall be necessary to confine and dispose of the salt water and waste oil (and shall confine such waste oil and salt water to such collection facility) and to truck same away and off of Said Land.

(l) Lessee specifically agrees and covenants to keep Said Land as clean and as free of debris as is reasonably practicable during the term of this lease, and upon Lessor's request or upon termination of this lease to thoroughly clean up said Land of the uncleanness resulting from Lessee's operations hereunder in such a manner as to meet with the approval of Lessor, or its duly authorized representative. Tanks and equipment will be kept painted and presentable. If not prescribed by the City of Arlington, Lessor reserves the sole and exclusive right to select the color of paint to be used by Lessee to paint the tanks and equipment. In that regard, Lessee agrees to obtain the written consent of Lessor to the color of paint to be used prior to commencing operations for painting the tanks and/or equipment.

(m) Notwithstanding anything stated anywhere in this lease to the contrary, Lessee shall pay Lessor, as surface damages, the following sums of money for the following activities:

<u>Type of Activities</u>	<u>Amount of Surface Damages</u>
Well locations (including tank battery), compressor sites and remote tank batteries	\$1,500.00/acre

New roads	\$1,500.00/acre
Use of existing road	\$1,500.00/acre
Geophysical operations	Negotiable
Pipelines	\$2.00/rod
All other activities not specifically listed above	Negotiable

No activity listed above may be commenced until final approval for such operation has been received by Lessee from Lessor and the required damage payment has been made. The maximum number of acres paid per pad or well site location shall be four and four tenths (4.4). In the event that any pad has been completed for one (1) year and no well has been commenced, then Lessor may require either that the pad be reclaimed and the gravel stockpiled for Lessor's use or that the surface damages be paid each year until drilling commences.

(n) Lessee agrees that no trucks, tankers or oil field vehicles or equipment of any kind or character maybe used to cross any lake dams.

(o) Notwithstanding anything stated anywhere in this lease to the contrary, Lessee does hereby understand, acknowledge and agree that the right to use the surface of Said Land is partially restricted. In that regard, this lease is subject to the terms and provisions of that certain Surface Waiver Agreement dated effective October 13, 2006, by and between Catalina Resources, Ltd., as Mineral Owner, and HC LOBF Arlington, LLC, et al., as Surface Owner, a counterpart of which was recorded in the Official Public Records of Tarrant County, Texas, on October 16, 2006, as Document # D206323412, that certain Surface Use Agreement dated effective October 13, 2006, by and between Star of Texas Mineral Resources, LLC, et al., as Mineral Owner and HC LOBF Arlington, LLC, et al., as Surface Owner, a counterpart of which was recorded in the Official Public Records of Tarrant County, Texas, on October 16, 2006, as Document # D206323413, that certain Pipeline and Access Easement Agreement dated October 13, 2006, by and between Star of Texas Mineral Resources, LLC, et al., as Mineral Owner, and HC LOBF Arlington, LLC, as Surface Owner, a counterpart of which was recorded in the Official Records of Tarrant County, Texas, on October 16, 2006, as Document # D206323414, and that certain Closing Agreement dated effective October 13, 2006, by and among LOBF LP, as Seller, HC LOBF Arlington, LLC, as Buyer, and Star of Texas Mineral Resources, LLC, as Mineral Owner.

18. Notwithstanding the termination of this lease under the provisions contained herein as to a portion or portions of Said Land, it is agreed that Lessee shall have and retain the

right to maintain and use (after such termination) all pipelines and other installations of Lessee (and ingress and egress to and from same) which may be located on such portion or portions of Said Land as to which this lease has terminated, so long as such pipelines and installations are necessary and useful in Lessee's operations under this lease as to the remaining portion of Said Land, but not otherwise. Upon termination of this lease as to all of Said Land, it is agreed and understood that Lessee shall have no right to maintain or use any pipelines or other installations of Lessee (or have any ingress or egress to and from same) which may be located on any portion of Said Land.

19. No pooling is allowed under this lease without Lessor's prior written approval.

20. This lease is executed by Lessor without any representations or warranties (of title or otherwise), either statutory, express or implied.

21. It is agreed that any suits at law will be initiated in District Court of the State of Texas in the county where Said Land is located, with appeals to the Appellate Courts of the State of Texas, and that the law of Texas will control in construing this lease. Lessor and Lessee relinquish and waive the jurisdiction of the trial and appellate courts of the United States and any right of removal thereto, except for appeals from the highest Appellate Court in Texas to the United States Supreme Court. The party which prevails in any litigation in enforcement of this lease will be entitled to recover from the other party, in addition to any actual or exemplary damages, reasonable attorney's fees and expenses, court costs, investigation fees and expenses, expert witness fees and expenses and accounting fees and expenses, together with prejudgment interest thereon, as provided herein or at the highest rate provided by law, if there be no applicable interest specified herein.

22. Lessee shall have the continuing obligation and duty, at Lessee's sole expense, to seek administrative relief and decisions from governmental and quasi-governmental bodies favorable to the interest of both Lessee and Lessor.

23. Time is of the essence with respect to this agreement.

24. Lessee understands and acknowledges that Lessor owns the coal and lignite lying in, on or under Said Land. Although the coal and lignite rights are not covered by this lease, Lessee agrees to reasonably cooperate with Lessor regarding the future lease, development and production or conservation easement of coal and lignite owned by Lessor. In that regard, Lessee expressly understands, acknowledges and stipulates that the rights granted herein to Lessee shall be exercised by Lessee with due regard for the rights of the surface owners including, without limitation, due regard for the rights of development and production of coal and lignite owned by Lessor.

25. If Lessee, or any of Lessee's successors or assigns, shall file for relief at any time under the federal bankruptcy statutes of this country or any other nation or country after the date Lessor executes this lease, then such filing shall result in the automatic termination of this lease, as of the date of such filing.

26. This lease supersedes all prior leases, understandings or agreements between Lessor and Lessee, their respective heirs or successors and assigns, and such prior agreements, understandings and/or leases are superseded by this lease as to Said Land.

27. Lessee hereby covenants and agrees to defend (at Lessee's sole cost and expense) and hold Lessor harmless from any claims, causes of action or damages for any injury to any persons or property occasioned by, arising out of or resulting from operations on Said Land, or in connection therewith, by Lessee, its agents, servants, employees, independent contractors, successors or assigns.

28. Lessee shall install and maintain all equipment and conduct all operations in an environmentally sound manner, in accordance with all applicable regulations of the Railroad Commission of Texas. The Texas Water Commission, the Environmental Protection Agency and any other federal or state governmental authorities. Lessee shall not use, store or dispose of any hazardous materials on Said Land, except to the extent such substances are contemporaneously required for actual oil or gas operations on Said Land and any such substance shall be used, stored and disposed of in a safe manner, in compliance with all applicable federal or state governmental regulations. Lessee shall insure that all contractors comply with the terms of this paragraph. In the event Lessee is notified of any environmentally harmful or dangerous conditions on Said Land resulting from Lessee's operations, Lessee shall promptly take all actions required to clean-up and correct such dangerous or harmful conditions, in accordance with applicable federal or state law and regulations and sound engineering practices. Lessor shall have no responsibility to inspect or oversee Lessee's operations or to identify or correct any potentially harmful, dangerous or damaging conditions, and Lessor shall have no right to control any details of Lessee's operations, nor to designate or control Lessee's contractors. Neither Lessee nor any contractors shall have any right of contribution or indemnity from Lessor for any matters relating to operations on Said Land or conditions on Said Land, regardless of whether such matters arise from Lessor's negligence.

29. It is understood and agreed to between the parties hereto that no well (dry or to be plugged and abandoned) shall ever be converted for the use of a salt water disposal well.

30. Lessor hereby reserves to itself, and Lessor's heirs or successors and assigns, an easement over, on and through Said Land in order to allow Lessor, or Lessor's agent or designee, to conduct operations over, on or through Said Land.

31. In the event a licensed attorney at law representing either Lessee, or a purchaser of production, renders a written opinion stating that there exists a bona fide title dispute or question of royalty entitlement, Lessee shall, within 90 days of Lessee's receipt of an original or a copy of such opinion, pay and deliver that portion of said royalty which is in dispute to a Trustee designated by Lessor; said portion to be retained by such Trustee pending resolution of the title dispute or question. While such disputed portion is retained by the Trustee, all of same shall be invested in an interest bearing account and the interest shall belong to, and become the property of, whomsoever is determined to be the correct and lawful owner thereof. It is understood and agreed by and between Lessor and Lessee that no title dispute shall exist against Lessor's interest, or among Lessors, until the examining title attorney rendering the disputed title opinion has first spent time in person, satisfactory to Lessor, in the offices of Lessor to discuss the title problem with Lessor and has reviewed the vast documentation and records supporting Lessor's title to Said Land. In the event any terms or provisions of this lease reasonably give rise to a dispute or conflict concerning interpretation as to the calculation or determination of the amount of royalty payable to Lessor hereunder, or the proceeds from the sales of production attributable thereto, Lessee shall, within the above provided 90 day period, deliver or pay that portion of said royalty which is in dispute to a Trustee designated by Lessor; said portion to be retained by such Trustee pending resolution of such dispute or conflict. While such disputed portion is retained by the Trustee, all of same shall be invested in an interest bearing account and the interest shall belong to, and become the property of, whomsoever is determined to be the correct and lawful owner thereof.

32. Lessor and Lessee agree and acknowledge that this lease was prepared jointly by Lessor and Lessee and not by any one party to the exclusion of the other. Accordingly, Lessor

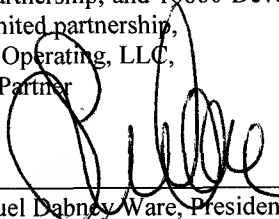


and Lessee agree that any rule of construction resolving any ambiguities against the drafting party shall be inapplicable to this lease.

IN WITNESS WHEREOF, this lease is executed by the undersigned on the respective dates set opposite their names below, but shall be effective as of the date first above written.

CATALINA RESOURCES, LTD., on its own behalf and as owner of the executive rights for and on behalf of Travis Ranch Development, L.P., a Texas limited partnership, Longhorn Lakes, L.P., a Texas limited partnership, and 16660 Development, L.P., a Texas limited partnership,  
By: Catalina Operating, LLC,  
General Partner

11-19-09  
Date

By:   
Samuel Dabney Ware, President

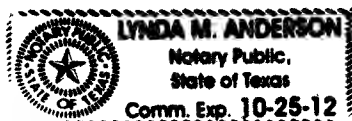
CATALINA OPERATING, LLC

11-19-09  
Date

By:   
Samuel Dabney Ware, President

STATE OF TEXAS           §  
   §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on this the 19 day of November 2009, by Samuel Dabney Ware, as (1) President of Catalina Operating, LLC, a Texas limited liability company, on behalf of said company, as General Partner of CATALINA RESOURCES, LTD., a Texas limited partnership, on behalf of said partnership, (2) as owner of the executive rights for and on behalf of Travis Ranch Development, L.P., a Texas limited partnership, Longhorn Lakes, L.P., a Texas limited partnership, and 16660 Development, L.P., a Texas limited partnership, and (3) as President of CATALINA OPERATING, LLC, a Texas Limited Liability Company, on behalf of said company.



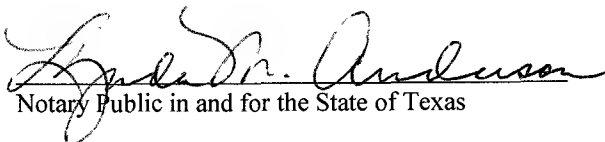
  
Notary Public in and for the State of Texas

Exhibit "A"  
to OIL AND GAS LEASE

Said Land

1,808.61 acres of land, being all of the 1,918.016 acres of land, more or less, more particularly described as follows:

TRACT 1:

BEING 1845.082 acres of land located in the JOHN CHILDRESS SURVEY, Abstract No. 249; the J.J. GOODFELLOW SURVEY, Abstract No. 1904; the NORMAN UNDERWOOD SURVEY, Abstract No. 1582; the E. JONES SURVEY, Abstract No. 842; the JEHU CONDRA SURVEY, Abstract No. 347; the THOMAS D. NEWTON SURVEY, Abstract No. 1164; the SAMUEL KEPHART SURVEY, Abstract No. 891; the WILLIAM JENKINS SURVEY, Abstract No. 856; the PATRICK G. DALTON SURVEY Abstract No. 414; the J. & D.C. SWAN SURVEY, Abstract No. 1995; the JOTHAM BROWN SURVEY, Abstract No. 109; the MADISON COLEMAN SURVEY, Abstract No. 380; and the THOMAS DALTON SURVEY, Abstract No. 402, Tarrant County, Texas, and being same Tract of land designated as Tract One in the deed to Trinity River Lakes, LP, by the deed recorded in Volume 14584, Page 333 of the Deed Records of Tarrant County, Texas, and including all of Block 32, THE LAKES OF ARLINGTON, an addition to the City of Arlington, Tarrant County, Texas, according to the plat recorded in Cabinet A, Slide 5048 of the Plat Records of Tarrant County, Texas. Said 1845.082 acres of land being more particularly described by metes and bounds, as follows:

BEGINNING at a railroad spike set, at the Southeast corner of the JAMES R. NEWTON SURVEY, Abstract No. 1170, also being the Northeast corner of the SAMUEL KEPHART SURVEY, Abstract No. 891, and lying in the West line of the JEHU CONDRA SURVEY, Abstract No. 347;

THENCE N 00° 19' 52" W 819.08 feet, along the common line of said JAMES R. NEWTON SURVEY and the JEHU CONDRA SURVEY, to a railroad spike set, at the Northwest corner of said JEHU CONDRA SURVEY;

THENCE S 88° 59' 50" E 20.94 feet, along the common line between the JEHU CONDRA SURVEY and the JOHN CHILDRESS SURVEY to a 1/2" iron rod found, lying in the East right-of-way line of Euless South Main Street;

THENCE along the East right-of-way line of said Euless South Main Street, as follows:

1. N 00° 29' 35" E 478.14 feet, to a 1/2" iron rod found;
2. N 00° 07' 47" E 200.00 feet, to a 1/2" iron rod set, at the most Westerly Southwest corner of Tract of land conveyed to T & M Properties, LTD.,

by the deed recorded in Volume 11139, Page 1937 of the Deed Records of Tarrant County, Texas;

THENCE along the South line of the aforesaid T & M Properties Tract, as follows:

1. N 89° 52' 55" E 340.00 feet, to a 1/2" iron rod set;
2. S 00° 45' 36" W 200.00 feet, to a 1/2" iron rod set;
3. N 89° 52' 41" E 931.40 feet, to a 1/2" iron rod found, lying in the West property line of that tract of land conveyed by deed to Lloyd T. Cannon, recorded in Volume 1934, Page 617 of the Deed Records of Tarrant County, Texas;

THENCE S 00° 25' 43" W 502.91 feet, to a 5/8" iron rod found, at the Southwest corner of said Lloyd T. Cannon Tract;

THENCE S 89° 17' 01" E 1356.39 feet, along the South line of said Lloyd T. Cannon Tract and the South line of that Tract of land conveyed by deed to Jacqueline Ferris Baker recorded in Volume 12042, Page 2279 of the Deed records of Tarrant County, Texas, to a 5/8" iron rod found, at the Southeast corner of said Ferris Tract. Said point being the Southwest corner of the Tract of land conveyed to Frank Arville Reaves by the deed recorded in Volume 8125, Page 284 of the Deed Records of Tarrant County, Texas;

THENCE along the South and East lines of said Reaves Tract, as follows:

1. S 89° 22' 48" E 2023.95 feet, to a 1/2" iron rod set;
2. N 00° 07' 11" W 1581.78 feet, to a 5/8" iron rod found, at the most Westerly Southwest corner of the 117.335 acre tract of land designated as Tract Five in the deed to Trinity River Lakes, LP recorded in Volume 14584, Page 333 of the Deed Records of Tarrant County, Texas;

THENCE along the South and West lines of said 117.335 acre Tract, as follows:

1. N 89° 48' 42" E 717.05 feet, to a 1" iron rod found;
2. S 01° 19' 36" E 2031.25 feet, to a 1" pipe found;
3. S 88° 52' 52" E 553.90 feet, to a point in the centerline of the Trinity River;

THENCE along the centerline of said Trinity River, as follows:

1. S 24° 36' 58" E 109.05 feet, to a point;
2. S 17° 29' 24" E 145.50 feet, to a point;
3. S 07° 44' 38" E 200.65 feet, to a point;

4. S 02° 33' 33" E 302.24 feet, to a point;
5. S 12° 18' 32" E 345.58 feet, to a point;
6. S 00° 15' 25" W 212.01 feet, to a point;
7. S 08° 43' 47" W 708.08 feet, to a point;
8. S 10° 58' 20" W 388.71 feet, to a point;
9. S 15° 04' 15" W 541.65 feet, to a point;
10. N 76° 24' 16" W 473.01 feet, to a point;
11. S 33° 57' 30" W 289.17 feet, to a point;
12. S 34° 03' 08" E 407.97 feet, to a point;
13. S 63° 57' 53" E 379.31 feet, to a point;
14. S 14° 33' 49" E 165.15 feet, to a point;
15. S 15° 56' 33" W 156.45 feet, to a point;
16. S 27° 55' 37" W 619.00 feet, to a point;
17. N 64° 18' 20" W 204.80 feet, to a point;
18. N 65° 15' 42" W 410.22 feet, to a point;
19. S 06° 48' 24" W 970.00 feet, to a point;
20. N 86° 11' 36" W 250.00 feet, to a point;
21. N 48° 56' 36" W 540.00 feet, to a point;
22. S 64° 38' 24" W 234.19 feet, to a point;
23. S 05° 50' 30" W 468.44 feet, to a point;
24. SOUTH 16.79 feet, to a point;

THENCE S 88° 23' 55" E 32.08 feet, to a point on the East bank of said Trinity River;

THENCE along the East bank of said Trinity River, as follows:

1. S 01° 41' 42" E 397.40 feet, to a point;
2. S 12° 51' 18" W 352.90 feet, to a point;
3. S 54° 36' 48" W 321.40 feet, to a point;
4. S 88° 09' 18" W 808.40 feet, to a point;
5. S 38° 35' 48" W 177.80 feet, to a point;

THENCE N 89° 15' 12", W 33.51 feet, to a point in the centerline of the aforesaid Trinity River;

THENCE along the centerline of said Trinity River, as follows:

1. S 23° 15' 12" E 382.60 feet, to a point;
2. S 12° 22' 48" W 799.97 feet, to a point;
3. S 11° 07' 12" E 719.99 feet, to a point;
4. S 50° 22' 48" W 759.96 feet, to a point;
5. S 84° 22' 48" W 389.98 feet, to a point;
6. S 66° 52' 48" W 559.97 feet, to a point;
7. N 52° 37' 12" W 889.97 feet, to a point;
8. N 80° 37' 12" W 249.99 feet, to a point;
9. S 29° 22' 48" W 319.99 feet, to a point;
10. S 02° 37' 12" E 491.39 feet, to a point;

11. S 40° 22' 48" W 422.87 feet, to a point in the North boundary line of Block 7, THE MERIDIAN, Section One, an addition to the City of Arlington, Tarrant County, Texas, as revised by the plat recorded in Volume 388-186, Page 45 of the plat Records of Tarrant County, Texas;

THENCE N 89° 13' 23" W 360.87 feet, along the North line of said Block 7, to a point in the centerline of the Trinity River;

THENCE along the centerline of said Trinity River, as follows:

1. N 00° 34' 00" E 139.47 feet, to a point;
2. N 15° 34' 49" W 289.11 feet, to a point;
3. N 46° 59' 37" W 125.88 feet, to a point;
4. S 80° 39' 31" W 248.13 feet, to a point;
5. S 76° 59' 42" W 406.42 feet, to a point;
6. N 69° 44' 06" W 287.99 feet, to a point;
7. N 50° 39' 04" W 201.49 feet, to a point;
8. N 44° 30' 09" W 275.45 feet, to a point;
9. N 35° 12' 03" W 430.75 feet, to a point;
10. N 19° 40' 35" E 125.86 feet, to a point;
11. N 28° 40' 33" E 321.56 feet, to a point;
12. N 28° 08' 11" E 159.66 feet, to a point;
13. N 17° 53' 57" E 291.31 feet, to a point;
14. N 13° 40' 26" W 146.50 feet, to a point;
15. N 47° 25' 33" W 106.93 feet, to a point;
16. N 79° 18' 53" W 251.81 feet, to a point;
17. S 74° 51' 35" W 93.41 feet, to a point;
18. S 54° 04' 19" W 115.85 feet, to a point;
19. S 31° 01' 05" W 288.71 feet, to a point;
20. S 72° 51' 01" W 702.02 feet, to a point;
21. S 77° 01' 40" W 291.88 feet, to a point;
22. S 82° 02' 23" W 280.75 feet, to a point;
23. S 78° 10' 45" W 411.45 feet, to a point in the Northeast right-of-way line of Farm-to-Market Highway No. 157;

THENCE N 20° 59' 35" W 147.52 feet, along the Northeast right-of-way line of said Farm-to-Market Highway No. 157, to a 1/2" iron rod set, at the Southwest corner of the tract of land, conveyed to The City of Arlington by the deed recorded in Volume 12828, Page 331 of the Deed Records of Tarrant County, Texas;

THENCE departing said right-of-way line and running along the South boundary line of said City of Arlington Tract, as follows:

1. N 59° 01' 56" E 356.82 feet, to a 1/2" iron rod set;
2. N 77° 42' 12" E 700.00 feet, to a 1/2" iron rod set, at the Southeast corner of said City of Arlington Tract;

THENCE N 12° 17' 48" W 240.00 feet, along the East boundary line of said City of Arlington Tract, to a 1/2" iron rod set, at the Northeast corner of said City of Arlington Tract;

THENCE along the North boundary line of said City of Arlington Tract, as follows:

1. S 81° 02' 50" W 258.04 feet, to a 1/2" iron rod set;
2. S 59° 01' 56" W 840.00 feet, along the South boundary line of aforesaid Block 32, THE LAKES OF ARLINGTON ADDITION, to a 1/2" iron rod set, at the Northwest corner of said City of Arlington Tract, lying in the Northeast right-of-way line of aforesaid FM Highway No. 157;

THENCE along the Northeast right-of-way line of said FM Highway No. 157, as follows:

1. N 20° 59' 35" W 109.60 feet, to a 1/2" iron rod set, at the beginning of a curve to the left;
2. NORTHWESTERLY 25.99 feet, along said curve to the left having a radius of 2915.00 feet, a central angle of 00° 30' 39", and a chord bearing N 21° 14' 55" W 25.99 feet, to a 1/2" iron rod set, at the Southeast corner of the tract of land conveyed to The City of Arlington for the future realignment of said FM Highway No. 157, by the deed recorded in Volume 12611, Page 1960 of the Deed Records of Tarrant County, Texas;

THENCE along the East right-of-way line of the realignment of said FM Highway No. 157 as follows:

1. NORTHWESTERLY 2407.00 feet, along a curve to the right having a radius of 7572.80 feet, a central angle of 18° 12' 45", and a chord bearing N 09° 06' 58" W 2396.88 feet, to a concrete Texas Department of Transportation right-of-way monument found, at the end of said curve;
2. N 00° 00' 41" E 1011.56 feet, to a concrete Texas Department of Transportation right-of-way monument found, at the beginning of a curve to the left;
3. NORTHWESTERLY 222.73 feet, along said curve to the left having a radius of 7702.81 feet, a central angle of 01° 39' 24", and a chord bearing N 00° 49' 14" W 222.73 feet, to a concrete Texas Department of Transportation right-of-way monument found;
4. N 02° 40' 23" E 141.99 feet, to a concrete Texas Department of Transportation right-of-way monument found;

5. NORTHWESTERLY 592.08 feet, along a curve to the left having a radius of 7714.81 feet, a central angle of  $04^{\circ} 23' 50''$ , and a chord bearing N  $04^{\circ} 53' 57''$  W 591.94 feet, to a concrete Texas Department of Transportation right-of-way monument found;
6. NORTHWESTERLY 48.77 feet, along a curve to the right having a radius of 98.00 feet, a central angle of  $28^{\circ} 30' 56''$ , and a chord bearing N  $21^{\circ} 39' 56''$  W 48.27 feet, to a concrete Texas Department of Transportation right-of-way monument found;
7. NORTHWESTERLY 872.00 feet, along a curve to the left having a radius of 7702.81 feet, a central angle of  $06^{\circ} 29' 11''$ , and a chord bearing N  $10^{\circ} 41' 18''$  W 871.54 feet, to a concrete Texas Department of Transportation right-of-way monument found;
8. N  $13^{\circ} 56' 22''$  W 200.96 feet, to a concrete Texas Department of Transportation right-of-way monument found;
9. N  $09^{\circ} 02' 00''$  W 142.48 feet, to a concrete Texas Department of Transportation right-of-way monument found;
10. N  $13^{\circ} 56' 22''$  W 508.98 feet, to a concrete Texas Department of Transportation right-of-way monument found;
11. NORTHWESTERLY 49.42 feet, along a curve to the right having a radius of 98.00 feet, a central angle of  $28^{\circ} 53' 27''$ , and a chord bearing N  $28^{\circ} 07' 06''$  W 48.49 feet, to a concrete Texas Department of Transportation right-of-way monument found;
12. NORTHWESTERLY 422.36 feet, along a curve to the right having a radius of 7572.79 feet, a central angle of  $03^{\circ} 11' 44''$ , and a chord bearing N  $11^{\circ} 55' 01''$  W 422.30 feet, to a concrete Texas Department of Transportation right-of-way monument found;
13. S  $89^{\circ} 01' 48''$  E 30.59 feet, to a concrete Texas Department of Transportation right-of-way monument found;
14. NORTHWESTERLY 204.18 feet, along a curve to the right having a radius of 7542.79 feet, a central angle of  $01^{\circ} 33' 04''$ , and a chord bearing N  $09^{\circ} 35' 21''$  W 204.17 feet, to a point under water in a drainage easement at the intersection of the North boundary line of aforesaid Tract One to Trinity River Lakes, LP, being the South boundary line of the Tract of land conveyed to Hatton W. Sumners Foundation for the study of Teaching of the Science of Self-Government, Inc. by the deed recorded in Volume 13589, Page 161 of the Deed Records of Tarrant County, Texas;

THENCE S 89° 55' 01" E 2454.47 feet, along the North boundary line of said Tract One, to Trinity River Lakes, LP, and the South boundary line of said Hatton W. Sumners Foundation Tract, to a point in the lake at the Southeast corner of said Hatton W. Sumners Foundation Tract;

THENCE N 00° 04' 46" E 603.83 feet, along the East boundary line of said Hatton W. Sumners Foundation Tract, to a 1/2" iron rod found, in the North boundary line of the aforesaid WILLIAM. JENKINS SURVEY, lying at the most Southerly Southwest corner of the Tract of land conveyed to Clyde Godfrey by the deed recorded in Volume 10251, Page 1302 of the Deed Records of Tarrant County, Texas;

THENCE N 89° 52' 44" E 2653.51 feet, along the North boundary line of said WILLIAM JENKINS SURVEY, and the North boundary line of the SAMUEL KEPHART SURVEY, being the North boundary line of said Tract One to Trinity River Lakes, LP, and the South boundary line of said Godfrey Tract, to THE PLACE OF BEGINNING containing 1845.082 acres of land

**SAVE AND EXCEPT** from said acreage the 110.971 acre Tract of land located in the SAMUEL KEPHART SURVEY, Abstract No. 891, and the THOMAS D. NEWTON SURVEY, Abstract No. 1164, Tarrant County, Texas, as conveyed to S.V., William E., and C.D. Armentrout, by the deed recorded in Volume 3871, Page 122 of the Deed Records of Tarrant County, Texas, and being more particularly described by metes and bounds, as follows:

BEGINNING at a 3/4" iron rod found, at the Northeast corner of said Armentrout Tract, lying S 00° 21' 27" E 856.11 feet, from the Northeast corner of the aforesaid SAMUEL KEPHART SURVEY;

THENCE S 00° 12' 38" E 2342.37 feet, to a square 1" iron rod found;

THENCE S 67° 58' 21" E 282.28 feet, to a 1/2" iron rod set;

THENCE S 85° 26' 32" E 185.98 feet, to a 5/8" iron rod found;

THENCE S 87° 29' 24" E 241.41 feet, to a 3/4" iron rod found;

THENCE N 50° 05' 21" E 285.94 feet, to a "T" metal fence post found;

THENCE S 89° 15' 07" E 136.26 feet, to a 3/4" iron rod found;

THENCE S 01° 56' 59" E 255.86 feet, to a 5/8" iron rod found;

THENCE S 32° 56' 51" W 222.96 feet, to a 3/4" iron rod found;

THENCE S 46° 35' 42" W 277.26 feet, to a 1/2" iron rod set, at the most Southerly Southeast corner of said Armentrout Tract;



THENCE S 89° 30' 44" W 744.44 feet, to a 1/2" iron rod set;

THENCE N 89° 57' 54" W 277.94 feet, to a 1/2" iron rod found;

THENCE N 55° 11' 44" W 805.23 feet, to a 5/8" iron rod found;

THENCE N 89° 51' 44" W 674.35 feet, to a fence corner found, at the Southwest corner of the aforesaid Armentrout Tract;

THENCE N 00° 01' 44" E 2520.73 feet, to a 2" iron pipe found, at the Northwest corner of said Armentrout Tract;

THENCE S 88° 12' 36" E 1618.96 feet, along the North boundary line of said Armentrout Tract, to THE PLACE OF BEGINNING containing 110.971 acres of land.

TRACT 2:

BEING 1.993 acres of land located in the PATRICK G. DALTON SURVEY, Abstract No. 414, Tarrant County, Texas, and being a portion of the Tract of land designated as Tract Two in the deed to Trinity River Lakes, LP recorded in Volume 14584, Page 333 of the Deed Records of Tarrant County, Texas. Said 1.993 acres being more particularly described by metes and bounds, as follows:

COMMENCING at a 3/4" iron rod found, at the Northwest corner of said PATRICK DALTON SURVEY;

THENCE S 89° 50' 39" E 55.47 feet, to a 3/4" iron rod found, at the Southeast corner of the WILLIAM JENNINGS SURVEY, Abstract No. 856;

THENCE S 89° 49' 17" E 156.71 feet, to a 1/2" iron rod found, in the Southwest right-of-way line of former FM Highway No. 157;

THENCE S 21° 16' 16" E 443.36 feet, along the former Southwest right-of-way line of aforesaid FM Highway No. 157, to a 1/2" iron rod set, at the PLACE OF BEGINNING, lying in the East boundary line of the Tract of land designated as Tract 1 in the deed to THE CITY OF ARLINGTON, TEXAS by the deed recorded in Volume 15590, Page 18 of the Deed Records of Tarrant County, Texas;

THENCE S 21° 16' 16" E 843.16 feet, along the Northeast boundary line of aforesaid Tract Two to Trinity River Lakes, LP, being the former Southwest right-of-way line of FM Highway No. 157 to a 1/2" iron rod set, at the most Easterly Northeast corner of the aforesaid Tract 1 to THE CITY OF ARLINGTON;

THENCE S 83° 20' 59" W 212.82 feet, departing said right-of-way line, and running along the most Southerly North boundary line of said Tract 1 to THE CITY OF ARLINGTON to a 1/2" iron rod set;

THENCE N 06° 39' 04" W 815.86 feet, along the East boundary line of said Tract 1 to THE CITY OF ARLINGTON, to THE PLACE OF BEGINNING, containing 1.993 acre of land.

TRACT 3:

BEING 15.040 acres of land located in the RICHARD H. CALLAWAY SURVEY, Abstract No. 337, Tarrant County, Texas, and being a portion of the 15.763 acre Tract of land designated as Tract Three in the deed to Trinity River Lakes, LP recorded in Volume 14584, Page 333 of the Deed Records of Tarrant County, Texas. Said 15.040 acres being more particularly described by metes and bounds, as follows:

BEGINNING at a "PK" nail set, in the South boundary line of said Tract Three to Trinity River Lakes, LP, lying in the Centerline of Callaway Cemetery Road, and Said Point of Beginning being located N 88° 56' 12" W 25.00 feet, from the Southeast corner of said Tract Three to Trinity River Lakes, LP, and Said Point of Beginning lying in the West right-of-way line of Euless South Main Street;

THENCE N 88° 56' 12" W 1811.55 feet, along the South boundary line of said Tract Three, the South boundary line of said RICHARD H. CALLAWAY SURVEY, and the approximate centerline of Callaway Cemetery Road, to a "PK" nail found at the Southwest corner of aforesaid Tract Three;

THENCE N 01° 03' 48" E 99.12 feet, along the West boundary line of said Tract Three to Trinity River Lakes, LP, to a 1/4" iron rod found, at the Northwest corner of said Tract Three, lying in the Southeast right-of-way line of the Trinity Railway Express as conveyed to the Cities of Dallas and Fort Worth by the deed recorded in Volume 7726, Page 1848 of the Deed Records of Tarrant County, Texas;

THENCE N 74° 18' 07" E 1818.69 feet, along the Northwest boundary line of said Tract Three to Trinity River Lakes, LP, and the Southeast right-of-way line of said Trinity Railway Express, to a 1/2" iron rod set, at the intersection of the West right-of-way line of aforesaid Euless South Main Street, as conveyed to the State of Texas by the deed recorded in Volume 14397, Page 164 of the Deed Records of Tarrant County, Texas;

THENCE along the West right-of-way line of said Euless South Main Street, and the West boundary line of said State of Texas Tract, as follows:

1. S 06° 22' 18" E 197.00 feet, to a 1/2" iron rod set;
2. S 07° 38' 50" E 278.87 feet, to a 1/2" iron rod set, at the South corner of said State of Texas Tract, and the intersection of the existing West right-of-way line of said Euless South Main Street;

THENCE S 00° 09' 39" W 152.63 feet, along the existing West right-of-way line of said Euless South Main Street, to THE PLACE OF BEGINNING, containing 15.040 acres of land.

TRACT 4:

BEING 45.251 acres of land located in the WILLIAM JENKINS SURVEY, Abstract No. 856; and the PATRICK DALTON SURVEY, Abstract No. 414; Tarrant County, Texas, and being a portion of the 45.352 acre Tract of land designated as Tract Four in the deed to Trinity River Lakes, LP, recorded in Volume 14584, Page 333 of the Deed Records of Tarrant County, Texas. Said 45.251 acres being more particularly described by metes and bounds, as follows:

BEGINNING at a 1/2" iron rod set, at the North corner of said Tract Four, lying in the former East right-of-way line of Farm-To-Market Road No. 157. Said Point of Beginning, also lying in the new West right-of-way line of said FM Highway No. 157. Said new right-of-way conveyed to The City of Arlington by the deed recorded in Volume 12611, Page 1960 of the Deed Records of Tarrant County, Texas;

THENCE along the new West right-of-way line of FM Highway No. 157, as conveyed to The City of Arlington by the deed recorded in Volume 12611, Page 1960 of the Deed Records of Tarrant County, Texas as follows:

1. SOUTHEASTERLY 562.81 feet, along a curve to the left having a radius of 7702.79 feet, a central angle of 04° 11' 11", and a chord bearing S 11° 50' 46" E 562.68 feet, to a concrete Texas Department of Transportation right-of-way monument found, at the end of said curve;
2. S 13° 56' 22" E 843.18 feet, to a concrete Texas Department of Transportation right-of-way monument found, at the beginning of a curve to the right;
3. SOUTHEASTERLY 1842.37 feet, along said curve to the right having a radius of 7572.81 feet, a central angle of 13° 56' 22", and a chord bearing S 06° 57' 43" E 1837.83 feet, to a concrete Texas Department of Transportation right-of-way monument found, at the end of said curve;
4. S 00° 00' 41" W 1011.55 feet, to a concrete Texas Department of Transportation right-of-way monument found, at the beginning of a curve to the left;
5. SOUTHEASTERLY 1524.84 feet, along said curve to the left having a radius of 7702.80 feet, a central angle of 11° 20' 32", and a chord bearing S 05° 39' 35" E 1522.35 feet, to a 1/2" iron rod set, at the Northeast corner of the Tract of land designated as Tract 2 in the deed to the City of Arlington recorded in Volume 15590, Page 18 of the Deed Records of Tarrant County, Texas;

THENCE S 83° 20' 59" W 25.12 feet, along the North boundary line of said Tract 2, to a 1/2" iron rod set, at the Northwest corner thereof, lying in the former East right-of-way line of aforesaid FM Highway No. 157;

THENCE along the Southwest and West boundary line of said Tract Four, and the former Northeast and East right-of-way line of FM Highway No. 157 as follows:

1. N 21° 16' 16" W 1508.40 feet, to a 1/2" iron rod found, at the beginning of a curve to the right;
2. NORTHWESTERLY 690.65 feet, along said curve to the right having a radius of 1860.00 feet, a central angle of 21° 16' 30", and a chord bearing N 10° 43' 53" W 686.69 feet, to a 1/2" iron rod set, at the end of said curve;
3. N 00° 05' 38" W 3343.37 feet, to a 1/2" iron rod set;
4. N 02° 43' 04" E 299.37 feet, to THE PLACE OF BEGINNING containing 45.251 acres (1,971,126 square feet) of land.

TRACT 5:

BEING 117.335 acres of land located in the JEFFERSON ESTILL SURVEY, Abstract No. 491; the JOHN BURNETT SURVEY, Abstract No. 178; the J.J. GOODFELLOW SURVEY, Abstract No. 1904; and the NORMAN UNDERWOOD SURVEY, Abstract No. 1582, Tarrant County, Texas, and being the same 117.335 acre Tract of land designated as Tract Five in the deed to Trinity River Lakes, LP, recorded in Volume 14584, page 333 of the Deed Records of Tarrant County, Texas. Said 117.335 acres being more particularly described by metes and bounds, as follows:

BEGINNING at a 1/2" iron rod at the most Northerly Northwest corner of said Tract Five, being located in the West line of the aforesaid JOHN BURNETT SURVEY, being the East boundary line of the JOHN CHILDRESS SURVEY, and lying at the intersection of the South right-of-way line of the Chicago, Rock Island & Gulf Railroad, as conveyed to the Cities of Dallas and Fort Worth, by the deed recorded in Volume 7726, Page 1848 of the Deed Records of Tarrant County, Texas;

THENCE NORTHEASTERLY 122.13 feet along the North boundary line of said Tract Five, and the South right-of-way line of said Railroad, with a curve to the right, having a radius of 11,309.20 feet, a central angle of 00° 37' 08" and a chord bearing N 80° 14' 42" E 122.13 feet, to a 1/2" iron rod set, at the Northwest corner of the 6.728 acre Tract of land conveyed to the City of Arlington, by the deed recorded in Volume 12828, Page 332 of the Deed Records of Tarrant County, Texas;

THENCE S 01 ° 01' 23" W 101.69 feet, departing said Railroad right-of-way line, and running along the West boundary line of said City of Arlington Tract, to a 1/2" iron rod set, at the most Westerly Southwest corner of said City of Arlington Tract;

THENCE along the South boundary line of said City of Arlington Tract, as follows:

1. NORTHEASTERLY 743.43 feet, along a curve to the right having a radius of 11,209.22 feet, a central angle of  $03^{\circ} 48' 00''$ , and a chord bearing N  $82^{\circ} 21' 36''$  E 743.29 feet, to a 1/2" iron rod set;
2. S  $01^{\circ} 45' 45''$  E 96.20 feet, to a 1/2" iron rod set;
3. N  $88^{\circ} 14' 15''$  E 486.29 feet, to a 1/2" iron rod set;
4. S  $01^{\circ} 45' 45''$  E 160.00 feet, to a 1/2" iron rod set;
5. N  $88^{\circ} 14' 15''$  E 140.32 feet, to a 1/2" iron rod set;
6. S  $02^{\circ} 31' 32''$  W 85.58 feet, to a 1/2" iron rod set;
7. N  $57^{\circ} 22' 39''$  E 166.38 feet, to a 1/2" iron rod set, at the Southeast corner of said City of Arlington Tract, lying in the East boundary line of the aforesaid Tract Five;

THENCE S  $02^{\circ} 31' 26''$  W 275.02 feet, along the East boundary line of said Tract Five, to a 1" iron rod found, in the South boundary line of the aforesaid JOHN BURNETT SURVEY, and the North boundary line of the aforesaid JEFFERSON ESTILL SURVEY;

THENCE S  $89^{\circ} 19' 43''$  E 282.16 feet, along said survey line to a point at the most Easterly Northeast corner of said Tract Five;

THENCE S  $00^{\circ} 31' 59''$  W 49.63 feet, to a point in the centerline of the Trinity River,

THENCE N  $00^{\circ} 13' 25''$  W 515.14 feet, along the West boundary line of said Tract Five, and following a fence to a 1" iron rod found, at the most Westerly Northwest corner of said Tract Five;

THENCE N  $89^{\circ} 53' 31''$  E 721.91 feet, along a fence to a 1" iron rod found;

THENCE N  $01^{\circ} 01' 23''$  E 489.55 feet, along the common boundary line between the aforesaid BURNETT and CHILDRESS SURVEYS, to THE PLACE OF BEGINNING, containing 117.335 acres of land.

#### TRACT 6:

BEING 4.254 acres of land located in the J. BURNETT SURVEY, Abstract No. 178, Tarrant County, Texas, and being the same Tract of land designated as Tract 6 in the deed to Trinity River Lakes, LP, recorded in Volume 14584, Page 333 of the Deed Records of Tarrant County, Texas. Said 4.254 acres being more particularly described by metes and bounds, as follows:

BEGINNING at a 1/2" iron rod set, at the Northwest corner of said Tract 6, being the Northeast corner of Block 1, Post Oak Village, an addition to the City of Fort Worth, Tarrant County, Texas according to the plat recorded in Volume 388-144, Page 66 of the Plat Records of Tarrant County, Texas. Said Point of Beginning being also lying in the South right-of-way line of Trinity Boulevard (a variable width right-of-way);

THENCE S 80° 02' 12" E 101.27 feet, along the North boundary line of said Tract 6, and the South right-of-way line of said Trinity Boulevard, to a 1/2" iron rod set, at the Northeast corner of said Tract 6, being the Northwest corner of Lot 1, Block 1, Trinity/360 Addition, to the City of Fort Worth, Tarrant County, Texas, according to the plat recorded in Cabinet "A", Slide 2590 of the Plat Records of Tarrant County, Texas;

THENCE S 00° 50' 02" W 1836.13 feet, along the East boundary line of said Tract 6, and the West boundary line of said Lot 1, Block 1, Trinity/360 Addition, and the West boundary line of Lot 1, Block 1, International Airport Substation Addition, to the City of Fort Worth, Tarrant County, Texas, according to the plat recorded in Volume 388-213, Page 59 of the Plat Records of Tarrant County, Texas, to a 1/2" iron rod set, at the Southeast corner of said Tract 6, being the Southwest corner of said Lot 1, Block 1, International Airport Substation Addition, and said iron rod lying in the North boundary line of a 300 foot wide right-of-way for the Trinity Railway Express as conveyed to the Cities of Dallas, and Fort Worth by the deed recorded in Volume 7726, Page 1848 of the Deed Records of Tarrant County, Texas;

THENCE SOUTHWESTERLY 101.65 feet, along the South boundary line of said Tract 6, and the North right-of-way line of said Trinity Railway Express, with a curve to the left having a radius of 11609.16, a central angle of 00° 30' 06", and a chord bearing S 80° 28' 36" W 101.65 feet, to a 4" Hackberry Tree at the Southwest corner of said Tract 6, being the Southeast corner of Block 2 of aforesaid Post Oak Village Addition; .  
THENCE N 00° 50' 02" E 1870.47 feet, along the West boundary line of said Tract 6, and the East boundary line of said Post Oak Village Addition, to THE PLACE OF BEGINNING, containing 4.254 acres (185,322 square feet) of land.

#### TRACT 7:

BEING 0.032 acre of land located in the R. H. CALLAWAY SURVEY, Abstract No. 337, Tarrant County, Texas, and being a portion of the 15.763 acre Tract of land designated as Tract Three in the deed to Trinity River Lakes, LP, recorded in Volume 14584, Page 333 of the Deed Records of Tarrant County, Texas. Said 0.032 acre being more particularly described by metes and bounds, as follows:

BEGINNING at a 1/2" iron rod found, at the Northeast corner of said 15.763 acre Tract (Tract Three) lying in the South right-of-way line of the Trinity Railway Express as conveyed to the Cities of Dallas and Fort Worth by the deed recorded in Volume 7726, Page 184 of the Deed Records of Tarrant County, Texas;

THENCE S 00° 09' 15" W 77.21 feet, along the East boundary line of said Tract Three to Trinity River Lakes, LP, to a 1/2" iron rod set, at the intersection of the Northeast right-of-way line of Euless South Main Street, as conveyed to The State of Texas by the deed recorded in Volume 14397, Page 164 of the Deed Records of Tarrant County, Texas;

THENCE along the Northeast right-of-way line of said Euless South Main Street, being the Northeast boundary line of said State of Texas Tract, as follows:

1. NORTHWESTERLY 42.56 feet, along a curve to the left having a radius of 311.36 feet, a central angle of 07° 49' 56", and a chord bearing N 28° 06' 37" W 42.53 feet, to a 1/2" iron rod set, at the end of said curve;
2. N 30° 32' 59" W 12.20 feet, to a 1/2" iron rod set, at the beginning of a curve to the right;
3. NORTHWESTERLY 21.46 feet, along said curve to the right having a radius of 261.48 feet, a central angle of 04° 42' 05", and a chord bearing N 28° 11' 55" W 21.45 feet, to a 1/2" iron rod set, at the Northeast corner of said State of Texas Tract, being the intersection of the Southeast right-of-way line of aforesaid Trinity Railway Express;

THENCE N 74° 18' 07" E 38.00 feet, along the Northwest boundary line of aforesaid Tract Three to Trinity River Lakes, LP, and the Southeast right-of-way line of said Trinity Railway Express, to THE PLACE OF BEGINNING, containing 0.032 acre (1,388 square feet) of land,

LESS, SAVE AND EXCEPT THEREFROM 159.442 acres of land, more or less, more particularly described as follows:

- a. 49.487 acres of land, more or less, being the proration unit for the Lakes of Bird Fort Well No. 1101; and
- b. 60.468 acres, more or less, being the proration unit for the Lakes of Bird Fort Well No. 801,

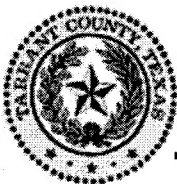
leaving 1,808.61 acres, more or less.

AFTER RECORDING, PLEASE RETURN TO:

Mr. Ronald O. Holman  
Holman Robertson Eldridge  
5949 Sherry Lane, Suite 1700  
Dallas, Texas 75225

SUZANNE HENDERSON

COUNTY CLERK



100 West Weatherford Fort Worth, TX 76196-0401

PHONE (817) 884-1195

MR RONALD O HOLMAN  
HOLMAN ROBERTSON ELDRIDGE  
5949 SHERRY LANE STE 1700  
DALLAS, TX 75225

Submitter: JASON THOMAS LONG

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 11/20/2009 11:28  
AM

Instrument #: D209306485

LSE

40

PGS

\$168.00

By: \_\_\_\_\_

A handwritten signature in cursive script, appearing to read "Suzanne Henderson", is written over a horizontal line.

D209306485

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE DESCRIBED REAL PROPERTY  
BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

Prepared by: CAMADDOCK